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## TAX FACTS

### **SIZE OF A TAX RELIEF PACKAGE:**

Using CBO's January 2001 baseline it is possible to enact a tax bill that reduces revenue by \$2.2 trillion over the next ten years and still:

- Preserves 100% of the Social Security and Medicare Part A Trust Funds,
- Pays off ALL available publicly held debt by 2010 (CBO defines available publicly held debt as the debt which can actually be redeemed or retired), and
- Provides an additional \$1 trillion dollars over ten years for discretionary programs.

A \$2.2 trillion tax cut is smaller as a percentage of the economy (GDP) – 1.5% – than the 1981 Reagan tax cut (3.3%) and the 1963 Kennedy tax proposal (2.0%). (*Source: National Taxpayers Union*)

A \$2.2 trillion tax cut is smaller as a percentage of government revenue – 8.3% – than the 1981 Reagan tax cut (18.7%) and the 1963 Kennedy tax proposal (12.6%). (*Source: National Taxpayers Union*)

### **TAX BURDEN:**

Income taxes measured as a percentage of the economy (GDP) are at the highest-level ever recorded, 10.2%.

Total federal taxes measured as a percentage of the economy (GDP) are at the highest level since World War II, 20.6%.

### **WASHINGTON'S SURPLUS RECORD:**

During the three years prior to the emergence of a budget surplus, discretionary government spending increased by an average of 2%. Over the three years since a surplus has emerged, discretionary government spending has increased by an average of 6% a year.

Excessive spending enacted in just the last six months of 2000 reduced the ten-year surplus by \$561 billion.

### **ACCURACY OF PROJECTIONS:**

If anything, the CBO estimates are conservative. For example, the CBO forecast accounts for the fact that over the next ten years there may be a recessions of average severity.

### **CHANGES SINCE BUSH ANNOUNCED HIS TAX PLAN:**

Then-Governor George Bush unveiled the framework of his tax plan on December 1, 1999. Since that announcement, the surplus for just the 2001 through the 2009 window has increased by \$1.5 trillion.

The economy, however, has slowed since Bush's original announcement. For example, in January of 2001 layoffs totaled 142,000, the highest level in eight years.